



June 27, 2014

To: Executive Board

Subject: **June Legislative Summary**

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### **Recommendation**

Receive and file the June Legislative Summary. Adopt support positions on SB 1433 and SB 1298.

### **Background**

A summary of state and federal legislation and its status is attached. Board members should note that staff recommends **support positions on SB 1433 (Hill) and SB 1298 (Hernandez)**.

### ***State Legislative Issues:***

SB 1433 will eliminate the sunset date on the design-build authority for transit operators. Additionally, this bill will clarify that a county transportation commission or a regional transportation planning agency, not generally considered a “transit operator,” can utilize design-build to construct a transit project, as well as remove cost thresholds for the use of design-build. This bill could assist Foothill Transit if we decide to use a design-build process for construction projects in the future.

SB 1298 removes specified limitations on the state high-occupancy toll (HOT) lane program, thereby authorizing any regional transportation agency to apply to the California Transportation Commission (CTC) to develop and operate HOT lanes. This bill also deletes the January 15, 2015 sunset on the authority for the Los Angeles County Metropolitan Transportation Authority (LACMTA) to operate HOT lanes on State Highway Routes (SR) 10 and 110 in Los Angeles County, and revise and recast those provisions. The 10 Freeway HOT Lanes are proving successful and have helped reduce congestion on those lanes allowing our buses to travel more freely.

On June 15, the California Legislature met its constitutional obligation and passed a 2014-15 state budget, which now heads to Governor Brown for his action. As part of that spending plan, legislators specified spending priorities for the budget year as well as future year proceeds from the California Air Resources Board’s (CARB) Cap and Trade program. The California Transit Association (CTA) has been working for more than two years to have a significant portion of these funds dedicated to transit projects and services that reduce greenhouse gas (GHG) emissions.



The adopted plan would enhance public transportation service and reduce GHG emissions. The plan:

- Provides formula funding for transit operations and capital programs, ensuring predictability to transit operators statewide;
- Makes funding available for a statewide competitive program for transit capital and operations, to be managed by the state's transportation agencies;
- Funds the implementation of regional sustainable communities strategies, including public transit services and projects, transit-oriented development, affordable housing near transit, active transportation, and complete streets; and
- Incentivizes the commercialization of low-carbon transit vehicle technologies.

This package, including progress towards a state rail transit system, offers an historic investment opportunity for public transportation and our communities depending on enhanced and cleaner mobility options. Expanding and improving transit service will provide significant GHG emissions reductions and other co-benefits, especially in disadvantaged communities throughout the state, helping achieve the goals of AB 32 (Pavley), SB 535 (de León) and SB 375 (Steinberg).

#### Summary of Cap and Trade Expenditure Program

The adopted budget bill and a series of “trailer bills” implement two aspects of the Cap and Trade expenditure plan: a budget year (2014-15) appropriation with fixed dollar amounts going to specified programs, and in 2015-16 and thereafter, specified programs will receive set percentages of annual Cap and Trade proceeds.

The CTA will be providing many more details on the various programs for which public transit agencies are eligible recipients or eligible applicants; in the meantime, here is a summary of the expenditure plan:

#### **Budget Year Plan (2014-15)**

- \$25 million for Transit Operations or Capital [Local]
  - State Transit Assistance (STA) formula, subject to CARB guidelines and Caltrans sign-off [similar to Prop. 1B PTMISEA program, with GHG reduction nexus]
- \$25 million for Transit Capital or Operations [State]
  - Includes bus transit, and commuter and intercity and urban light rail
  - Competitive at California Transportation Commission, California State Transportation Agency review (also per CARB guidelines)
  - Similar to Governor's proposed January Trailer Bill Language



- \$130 million for Sustainable Communities and Housing
  - Sustainable Communities projects and services, such as Transit/Active Transportation Program/Transit Oriented Development, are eligible
  - Competitive at Strategic Growth Council (with CARB guidelines and consultation with regional agencies)
- \$200 million for Low-Carbon Transportation (including Zero-Emission Buses)
- \$250 million for High-Speed Rail
- \$242 million for variety of Energy, Water, Waste Diversion and Weatherization programs

**Long-Term Plan (2015-16+++)**

- 5% pot for Transit Operations or Capital [Local]
  - State Transit Assistance formula, subject to CARB guidelines and Caltrans sign-off [similar to Prop. 1B PTMISEA program, with GHG reduction nexus]
- 10% for Transit Capital or Operations [State]
  - Includes bus transit, and commuter and intercity and urban light rail
  - Competitive at California Transportation Commission, California State Transportation Agency review (also per CARB guidelines)
  - Similar to Governor's proposed January Trailer Bill Language
- 10% pot for Sustainable Communities
  - Sustainable Communities projects and services, such as Transit/Active Transportation Program/Transit Oriented Development, are eligible
  - Competitive at Strategic Growth Council (with CARB guidelines and consultation with regional agencies)
- 25% for High-Speed Rail
- 10% for Housing
- 40% for Energy, Low-Carbon Trans, Water, Waste Diversion, Weatherization
  - Program splits are not dedicated
  - Subject to annual appropriation by the Legislature

CTA leadership, its member public transit systems and its private sector industry suppliers plan to work with the Legislature and the Administration to move this program forward and ensure that program guidelines and oversight mechanisms are developed to guarantee only the most effective transit projects and services are funded.

***Federal Legislative Issues:***

On June 10, the House of Representatives finished floor debate and passed, by a vote of 229-192, the Fiscal Year (FY) 2015 Transportation, Housing and Urban Development and Related Agencies (THUD) Appropriations bill. The final House THUD FY 2015 Appropriations bill funds the core Federal Transit Administration (FTA) formula programs at the MAP-21 FY 2014 authorized level of \$8.595 billion, but also includes the Committee's cuts to Amtrak, Research, TIGER Grants, Capital Investment Grants



and FTA Administration, which are funded from the General Fund. On the House floor, several transit amendments were offered. Representative Jeff Denham (R-CA) offered an amendment prohibiting any funds from being used during FY 2015 for the California high-speed rail project; it was approved by a vote of 227 yeas, 186 nays. Representative John Garamendi (D-CA) offered an amendment, which was struck down on a point-of-order, strengthening Federal Buy America requirements.

Meanwhile, a House and Senate standoff seems imminent as leaders in each chamber push radically different plans for replenishing, at least for a few months, the Highway Trust Fund (HTF). It is projected to go dry by early August at the height of the construction season, potentially halting thousands of infrastructure projects and hundreds of thousands of jobs. Senate Finance Committee Chairman Ron Wyden says "failure is not an option" but Senate Democrats are already dismissing the House GOP's plan that involves finding money by cutting back Postal Service deliveries on Saturdays.

**Budget Impact**

SB 1433 could result in reduced construction contract costs for Foothill Transit.

Sincerely,

A handwritten signature in blue ink, appearing to read "D. Reyno".

David Reyno  
Director of Government Relations

A handwritten signature in blue ink, appearing to read "D. Barnes".

Doran J. Barnes  
Executive Director

# 2014 Legislation Summary

Current as of 6/16/2014

(Amendments and Bills with updated status or requesting action are indicated in **bold**)

Bill No.	Author	Analysis	Potential Impacts	Location	Outside Agency Positions	Recommended Position
AB 5	Ammiano	The bill would enact the Homeless Person's Bill of Rights and Fairness Act. The bill would establish a number of rights for every person in the state, including those who are considered homeless including the right to move freely in the same manner as any other person in public spaces, including, but not limited to, plazas, parking lots, public sidewalks, public parks, public transportation, public streets, and public buildings, in the same manner as any other person, and without discrimination by law enforcement, public or private security personnel and the right to rest and sleep in public spaces without being subject to criminal or civil sanctions, harassment, or arrest by law enforcement, public or private security personnel as long as such rest does not maliciously or substantially obstruct a passageway. The purpose of the bill is to protect people without homes from violations of their basic human rights and the people who serve them from penalties and includes public transportation in its definition of public space.	The bill would mean that the homeless could freely loiter or sleep in a Foothill Transit parking structure or sleep on a Foothill Transit bus stop bench without any legal remedy.	Failed to Pass out of House of Origin by January 31 Legislative Deadline	CTA - Oppose	Oppose Position Adopted 5/24/2013
AB 8	Perea/Skinner	Existing law establishes the Alternative and Renewable Fuel and Vehicle Technology Program, administered by the State Energy Resources Conservation and Development Commission to provide, upon appropriation by the Legislature, grants, loans, loan guarantees, revolving loans, or other appropriate measures, for the development and deployment of innovative technologies that would transform California's fuel and vehicle types to help attain the state's climate change goals. AB 8 and SB 11 extends alternative fuel incentive programs including the Carl Moyer and AB 118 programs. These programs, which have been funded by tire fees, DMV registration fees, smog abatement fees, and vehicle plate fees, have provided funds for various projects to increase the usage of alternative fuels and help with the expansion of alternative fuel infrastructure.	The bill's passage would mean funds will continue to be available to assist Foothill Transit and other state transit agencies financially with fleets of natural gas vehicles and the infrastructure needed to maintain them.	Signed by the Governor & Chaptered by the Secretary of State - 9/28/2013	CTA - Support	Support Position Adopted 2/22/2013
AB 574	Lowenthal	The bill establishes a program to fund sustainable communities strategies (developed pursuant to SB 375) as well as equivalent greenhouse gas (GHG) reducing strategies in rural areas, using cap and trade auction proceeds. The bill provides a statutory framework for implementing the sustainable communities allocations from cap and trade revenues, including key elements such as a per capita distribution of funds to California's regions, a competitive grant program guided by state policy objectives aligning with regional GHG reduction, and a performance-based approach to maximize investments. Additionally, the bill specifically includes funding for transit operations, maintenance, and infrastructure among the eligible investments for the funds.	This bill would provide a mechanism for which the transit industry and Foothill Transit would receive its fair share of the cap and trade auction proceeds.	Failed to Pass out of House of Origin by January 31 Legislative Deadline	CTA - Support	Support Position Adopted 4/26/2013



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Bill No.	Author	Analysis	Potential Impacts	Location	Outside Agency Positions	Recommended Position
AB 1002	Bloom	Existing law imposes a registration fee to be paid to the Department of Motor Vehicles (DMV) for the registration of every vehicle or trailer coach of a type subject to registration, except those vehicles that are expressly exempted from the payment of registration fees. Existing law, until January 1, 2016, imposes a \$3 increase on that fee, \$2 of which is to be deposited into the Alternative and Renewable Fuel and Vehicle Technology Fund and \$1 of which is to be deposited into the Enhanced Fleet Modernization Subaccount. AB 1002 would raise the existing vehicle surcharge from its current \$4 to \$10. The funds would be distributed by the following breakdowns for cities to better achieve their SB 375 goals: 50% is proposed to be distributed to cities and counties on a per capita basis for planning and implementation of projects consistent with the purposes of SB 375 and an approved Sustainable Communities Plan. 40% is proposed to be distributed to transportation commissions and transit operators to support transit operations, and maintain and expand reduced fare programs, including transit passes for students, low income youth, seniors and persons with disabilities. 10% to MPO's and Regional Transportation Planning Associations for implementation of sustainable communities strategies.	This bill could provide Foothill Transit with additional operating funds, specifically for fare programs, including our college ridership pass program.	Failed to Pass out of House of Origin by January 31 Legislative Deadline	CTA - Support	Support Position Adopted 6/28/2013
AB 1257	Bocanegra	The bill will establish the State Energy Resources Conservation and Development Commission (Energy Commission) to thoughtfully evaluate and recommend the right natural gas strategies to further reduce greenhouse gas emissions and cultivate a robust clean energy economy. A declaration would be made with the passage of this legislation that there will be a state policy to reduce greenhouse gas emissions and that an efficient and effective strategy for the use of natural gas has potential for helping to meet these objectives. The Committee will develop strategies to maximize the benefits obtained from natural gas as an energy source. The Energy Commission will review many uses for natural gas, specifically the Commission will identify methods to increase the development of natural gas refueling infrastructure for transportation and protect against system capacity constraints.	The bill's passage will create an Energy Commission that will increase government participation in the creation and maintenance of a natural gas policy for the state.	Signed by the Governor & Chaptered by the Secretary of State - 10/11/2013		Support Position Adopted 3/29/2013
AB 1720	Bloom	Current law generally prohibits a publicly owned or operated transit system from procuring a transit bus whose gross weight on any single axle exceeds 20,500 pounds. Current law, until January 1, 2015, exempts from this prohibition a transit system that is procuring a new bus that is of the same or lesser weight than the bus it is replacing, or if it is incorporating a new fleet class into its inventory and its governing board makes certain findings. AB 1706 would extend the operation of those exceptions until January 1, 2016.	The majority of Foothill Transit's fleet, along with those of most, if not all, transit agencies throughout the state exceeds this over quarter century old statute due to mandated clean air, safety, disability laws and advances in bus technology. This bill will continue to protect us from being subject to citations and costly permits until a reasonable solution can be determined.	<b>Senate Committee on Transportation &amp; Housing</b>	CTA - Support	Support Position Adopted 3/21/2014

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Bill No.	Author	Analysis	Potential Impacts	Location	Outside Agency Positions	Recommended Position
AB 2445	Chau	Would specify that a community college district is authorized to enter into a contract for the transportation services described above if a majority of the students of that district, or campus of that district, as appropriate, approve the payment of the fee within the same time period.	This bill would provide greater flexibility for the governing board of community college districts, and more specifically, individual community college campuses, to provide for increased transit services at the discretion of its student body and important to the ongoing success of Foothill Transit's College Pass Program.	<b>Senate Committee on Education</b>	CTA - Support	Support Position Adopted 3/21/2014
SB 11	Pavley/Rubio	Existing law establishes the Alternative and Renewable Fuel and Vehicle Technology Program, administered by the State Energy Resources Conservation and Development Commission to provide, upon appropriation by the Legislature, grants, loans, loan guarantees, revolving loans, or other appropriate measures, for the development and deployment of innovative technologies that would transform California's fuel and vehicle types to help attain the state's climate change goals. AB 8 and SB 11 extends alternative fuel incentive programs including the Carl Moyer and AB 118 programs. These programs, which have been funded by tire fees, DMV registration fees, smog abatement fees, and vehicle plate fees, have provided funds for various projects to increase the usage of alternative fuels and help with the expansion of alternative fuel infrastructure.	The bill's passage would mean funds will continue to be available to assist Foothill Transit and other state transit agencies financially with fleets of natural gas vehicles and the infrastructure needed to maintain them.	Assembly Committee on Transportation	CTA - Support	Support Position Adopted 2/22/2013
SB 556	Corbett	This bill would require public agencies, including public transit systems, to "label" employees and vehicles which are independent contractors or operated by independent contractors with a "NOT A GOVERNMENT EMPLOYEE" or "THE OPERATOR OF THIS VEHICLE IS NOT A GOVERNMENT EMPLOYEE" disclosure.	Foothill Transit along with many transit systems throughout the state utilize independent, outside contractors to provide transit service, such as drivers/operators for buses and rail vehicles. This bill would place a financial burden on both transit systems and the independent contractors in order to meet the disclosure requirement. Furthermore, the bill would potentially have a detrimental impact to public perception, internally and externally. Transit systems aim to provide a sense of inclusiveness for employees and the "nongovernmental employee" disclosure may affect morale among employees by creating a sense of division. Secondly, the disclosure requirement would likely cause confusion to the public. Transit patrons may mistakenly perceive that operators and	<b>Assembly Judiciary Committee</b>	CTA – Oppose	Oppose Position Adopted 7/26/2013

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			vehicles with the "nongovernment employee" disclosure reflects lesser qualifications or impacts public safety.			
SB 1204	Lara	This bill would create a program to fund the development of zero and near zero emission truck, bus, and off-road vehicle and equipment technologies to be administered by the Air Resources Board in conjunction with the California Energy Commission. The bill would provide that the funding for the program would come out of the Greenhouse Gas Reduction Fund (Cap & Trade Auction Funds), and would prioritize projects located in disadvantaged communities.	This bill may provide a new funding source for Foothill Transit electric and CNG buses.	<b>Assembly Committee on Transportation</b>	Metro - Support	Support Position Adopted 4/25/2014
SB 1298	Hernandez	<b>The bill removes specified limitations on the state high-occupancy toll (HOT) lane program, thereby authorizing any regional transportation agency to apply to the California Transportation Commission (CTC) to develop and operate HOT lanes. This bill also deletes the January 15, 2015 sunset on the authority for the Los Angeles County Metropolitan Transportation Authority (LACMTA) to operate HOT lanes on State Highway Routes (SR) 10 and 110 in Los Angeles County, and revise and recast those provisions.</b>	<b>The 10 Freeway HOT Lanes are proving successful and has helped reduce congestion on those lanes allowing our buses to travel more freely.</b>	<b>Assembly Committee on Transportation</b>	<b>Metro – Support</b>	<b>Support</b>
SB 1433	Hill	<b>This bill will eliminate the sunset date on the design-build authority for transit operators. Additionally, this bill will clarify that a county transportation commission or a regional transportation planning agency, not generally considered a "transit operator," can utilize design-build to construct a transit project, as well as remove cost thresholds for the use of design-build.</b>	<b>Could assist Foothill Transit if we decide to use a design-build process for construction projects in the future.</b>	<b>Assembly Committee on Local Government</b>	<b>CTA - Supports</b>	<b>Support</b>
SCA 4	Liu	Existing law under the California Constitution requires the approval of 2/3 of the voters of the city, county, or special district voting on any new or increase of an existing tax. SCA 4 and SCA 8 would provide that the imposition, extension or increase of a special tax by a local government for the purpose of providing funding for local transportation projects requires the approval of 55% of its voters voting on the proposition.	The new voter approval threshold could lead to more transportation and transit money and mean additional funding for Foothill Transit.	Senate Committee on Appropriations	CTA - Support	Support Position Adopted 2/22/2013
SCA 8	Corbett	Existing law under the California Constitution requires the approval of 2/3 of the voters of the city, county, or special district voting on any new or increase of an existing tax. SCA 4 and SCA 8 would provide that the imposition, extension or increase of a special tax by a local government for the purpose of providing funding for local transportation projects requires the approval of 55% of its voters voting on the proposition.	The new voter approval threshold could lead to more transportation and transit money and mean additional funding for Foothill Transit.	Senate Committee on Appropriations	CTA - Support	Support Position Adopted 2/22/2013



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H.R. 2288	Grimm (R, NY) McGovern (D, MA)	The bill establishes permanent parity between qualified, pre-tax and tax-free fringe transit and parking benefits at a maximum of \$220 per month. At the \$220 per month level, the federal fiscal impact is neutral, meaning no additional revenue measures are necessary. The bill also allows for future cost-of-living adjustments to the benefit level.	Would provide transit riders in general and Foothill Transit customers specifically with a tax benefit equal to those who drive their personal vehicles.	House Committee on Ways & Means	APTA - Support	Support Position Adopted 7/26/2013
H.R. 3636	Blumenauer	Our transportation infrastructure is increasingly outdated and inadequate. In 2011, the Federal Highway Administration (FHA) estimated that over \$70.9 billion worth of repairs are needed merely to maintain safe bridges. Inflation and increased fuel efficiency has led to declining gas tax receipts and the gas tax has lost nearly 40% of its purchasing power since it was last raised in 1993. The decline will continue as cars become more efficient and people drive less. Vehicle miles traveled per capita declined last year for the ninth year in a row. Because Congress has not addressed the Highway Trust Fund's (HTF) insolvency, the fund will be exhausted this summer and states will begin cutting back on projects. To maintain current funding levels, the HTF will need \$100 billion in addition to current tax receipts in the next five years. Failure to act will result in a 30% reduction in federal transportation spending over the next decade. H.R. 3636, "The Update, Promote, and Develop America's Transportation Essentials Act of 2013", phases in a fifteen cent gas tax increase over three years, indexes the gas tax to inflation and then confirms Congress's intention to replace the gas tax with a more equitable, stable source of funding by 2024.	A consistent, reliable and stable federal funding program would allow Foothill Transit and all U.S. transportation agencies and companies to budget for the long term.	House Committee on Ways and Means	APTA – Supports	<b>Support Position Adopted 4/25/2014</b>
S. 1116	Schumer (D, NY)	The bill would establish parity between the commuter and parking benefits at the current level of \$245 per month, but does not include a provision to offset the cost because the author wants to maintain the benefit at current levels.	Would provide transit riders in general and Foothill Transit customers specifically with a tax benefit equal to those who drive and park their personal vehicles.	Senate Committee on Finance	APTA – Support	Support Position Adopted 7/26/2013